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BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR 1/56

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**PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

ECONOMIC INTELLIGENCE COMMITTEE



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Summary of Events
14 - 27 March 1958

The exploitation of opportunities to support the Sukarno government in the current Indonesian crisis highlighted the economic activities of the Sino-Soviet Bloc in underdeveloped countries of the Free World during the period 14 - 27 March 1958. By 27 March, 9 of 10 Soviet ships scheduled for delivery to Indonesia had arrived, with the remaining ship expected soon. It is reported that Indonesia has purchased aircraft from Czechoslovakia and that groups of Indonesian pilots are in Egypt and in Czechoslovakia for training in the use of Bloc military aircraft. It is also reported that a formal agreement has been signed with Czechoslovakia for the supply of arms and ammunition on lenient terms.

Other activities of the Sino-Soviet Bloc in Indonesia include the extension of a Soviet credit of \$2.5 million through Tekhnoeksport to a private Indonesian firm for the erection of a glass factory; an unconfirmed Polish and Soviet offer to the Indonesian Army Corps of Engineers to supply roadbuilding equipment worth \$15 million; a bid by Communist China for the output of the North Sumatran oilfields now operated by PERMINA, an Indonesian corporation; and the drafting for formal submission to the Indonesian Parliament of a loan agreement between Communist China and Indonesia.

Activities of the USSR in the Middle East and Africa during the period include (1) the signing of an agreement with Iran for a joint survey of the development potential of the Hari River on the north-east border of Iran adjoining the USSR and Afghanistan and (2) an agreement with Libya to permit imports from the USSR, thereby opening the way for the first trade exchanges between the two countries. The USSR has also offered to build two hospitals in Libya and to train Libyan nurses in the USSR.

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